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May 6, 2003

Mr. Mike Gaines, Chief  
Energy and Water Division  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

RE: Docket # 03-00286 – Request for Information

Dear Mr. Gaines:

We have the following responses to your letter of April 25<sup>th</sup> requesting information.

1. Are there any utility districts located in or near the proposed service area? If so, have they been contacted about providing wastewater service to the proposed service area?

While no utility district office is located within the proposed territory, we have discovered that Center Grove – Win. Springs Utility District has water lines extending into one edge of the proposed area. In discussions with Mr. David Stafford, Manager of Center Grove – Win. Springs Utility District, he has stated that their utility district provides water service only. We have requested a letter from Mr. Stafford to that effect and expect that it will be forthcoming within the next two weeks. A copy of the letter will be filed with the Tennessee Regulatory Authority when we receive it.

2. Provide photocopies of any agreements from developers that have applied for service from your utility.

While no agreements have been signed, verbal requests for sewer service have been received from the marina near Tim's Ford and a commercial customer who wants to build a lodge near the marina. The State of Tennessee Department of Environment and Conservation is interested in sewer service to Tim's Ford State Park. Discussions are in the preliminary stage

3. Provide estimates of customer growth for the next three years.

While the most immediate need for sewer service is for the above-described commercial customers, there is significant opportunity for residential subdivisions as well. Due to the preliminary nature of this project, it is not feasible to project numbers of customers at this time.

4. Would any existing businesses or residences within the proposed service territory be required to interconnect with On-Site's wastewater system?

We have no authority in the state of Tennessee to require existing businesses or residences to connect with On-Site's wastewater system. If an existing business or residential customer voluntarily wishes to connect we would do our best to accommodate them.

5. What specific areas within the proposed service area will have actual customers within twelve months?

Since this project is in its preliminary stage, and the systems can be built rapidly, it is difficult to predict what areas will have customers in twelve months. It is likely that the marina would have service in that time frame.

6. In the area that will not have actual customers within twelve months, when are they expected to interconnect to your company's system?

By the very nature of our decentralized systems, we will usually build multiple treatment systems to serve an area of this size. These systems will usually not be connected and need not be to serve a particular customer.

7. If the company experiences less than expected customer growth, then how significant of a negative financial impact will the company suffer as a whole?

Due to the nature of new development, the growth of customers can vary with a number of factors. Because some of our costs are fixed, it has a negative financial impact on the company. Fortunately, because we are operating over thirty-five systems across the state, the economic outcome of any one system has a diluted impact on the company. Fortunately, the company does not invest capital into the systems and therefore the usual problem of paying back capital debt with only a few customers is avoided. Operation and maintenance costs are more closely proportional to the number of customers served.

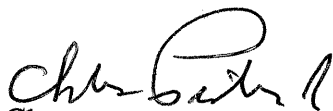
8. Does the proposed service territory contain any state or federal lands in it?

The Tennessee Valley Authority has owned a considerable portion of the land within the proposed territory (we are told approximately 6,000 acres). The Tennessee Valley Authority is in the process of giving a portion of the land over to the State of Tennessee.

The State of Tennessee owns the land occupied by Tim's Ford State Park.

If you need anything further, please do not hesitate to contact us.

Sincerely,



Charles Pickney, Jr.  
President